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The Supreme Court Again Declines to Clarify 'Manifest Disregard' as a Standard for Vacatur Under the Federal Arbitration Act

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This week, the U.S. Supreme Court denied a petition for writ of certiorari in *Zeidman v. Lindell Management LLC,* a case involving a $5 million contest promoted by MyPillow founder Mike Lindell. The question in that case was whether "manifest disregard" exists as a standard for vacatur under Section 10 of the Federal Arbitration Act (FAA). The decision not to take up this case is yet another instance of the Court passing up the opportunity to finally resolve one of the most hotly contested questions in arbitration.

Background on Manifest Disregard

A critical phase of any arbitration is its ending. Here, a losing party likely wishes to appeal the arbitrator's unfavorable decision (in arbitration terms, to seek "vacatur"). On what grounds may that losing party seek vacatur?

Section 10 of the FAA prescribes four "exclusive" grounds for vacatur.[1] First, if the award was "procured by corruption, fraud, or undue means."[2] Second, if the arbitrator(s) displayed "evident partiality or corruption."[3] Third, "where the arbitrators were guilty of misconduct in refusing to postpone the hearing, upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; or of any other misbehavior by which the rights of any party have been prejudiced."[4] And finally, "where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter submitted was not made."[5]

A primary distinction of arbitration is that errors of law are not grounds for vacatur. The Supreme Court has said that "convincing a court of an arbitrator's error — even his grave error — is not enough."[6] In other words, "[t]he arbitrator's construction holds, however good, bad, or ugly."[7]

Yet uncertainty has arisen as to whether legal error is entirely off the table. Some courts crafted a standard called "manifest disregard" to vacate arbitration awards based on particularly serious legal error.[8] For example, a court may vacate an award where the arbitrator "knowingly refuse[d] to follow a controlling legal rule."[9] Even so, the manifest disregard standard has grown confused in the lower courts. What precisely does "manifest disregard" mean? Is it an entirely new ground for vacatur, is it merely a gloss on the Section 10(a) standards, or is it contrary to those standards?

Manifest disregard has created "a deep and intractable division among the courts of appeals."[10] The U.S. Court

of Appeals for the Ninth Circuit requires the party challenging the award to "show that the arbitrator understood and correctly stated the law, but proceeded to disregard the same."[11] The U.S. Court of Appeals for the Second Circuit requires the party to show "that the arbitrators knew of the relevant legal principle, appreciate that this principle controlled the outcome of the disputed issue, and nonetheless willfully flouted the governing law by refusing to apply it," as well as show that the "disregarded legal principle was 'well defined, explicit, and clearly applicable.'"[12] The U.S. Court of Appeals for the Fifth Circuit simply "no longer recognizes manifest disregard as a standalone basis for vacatur."[13]

The issue has grown especially chaotic in New York. In one case, the lower court vacated an arbitration award on manifest disregard grounds, citing "an egregious dereliction of duty on the part of the [arbitrators]."[14] On appeal, the Appellate Division reversed, holding that manifest disregard did not apply because "an arbitral decision even arguably construing or applying the procedural record must stand, regardless of the court's view of its (de)merits."[15]

The U.S. Supreme Court has had at least two opportunities to clarify the law. Both times it further muddied the waters. In *Hall Street*, the Court unhelpfully remarked: "Maybe the term 'manifest disregard' was meant to name a new ground for review, but maybe it merely referred to the § 10 grounds collectively, rather than adding to them."[16] Then, in *Stolt-Nielsen*, the Court explicitly declined "to decide whether 'manifest disregard' survives our decision in [*Hall Street*] as an independent ground for review or as a judicial gloss on the enumerated grounds for vacatur set forth at 9 U.S.C. § 10."[17]

Zeidman v. Lindell Management LLC

The Supreme Court this week again passed up an opportunity to finally bring clarity to this issue.

The Contest: MyPillow creator Mike Lindell presented data that supposedly proved that China helped steal the 2020 presidential election. He created Lindell Management LLC (LMC) to host a contest, offering a $5 million reward to anyone who could prove this data was invalid.

The contest's Official Rules contained two key provisions. First, contestants had to prove that Lindell's data "unequivocally" did not "reflect information related to the November 2020 election."[18] Second, the contest's judges picked the winner based on the judges' "professional opinion" that a contestant "prove[d] to a 100% degree of certainty" that Lindell's data was "not reflective of November 2020 election data."[19] The Official Rules also contained an arbitration provision.[20]

Robert Zeidman entered the contest and agreed to the Official Rules. He submitted a report concluding that Lindell's data was invalid because it was not pocket capture (PCAP) data, which is "[d]ata extracted in real time from the internet."[21] Lindell had repeatedly claimed that his data was PCAP data.[22] Even so, the contest's judges ruled that Zeidman did not meet his burden and thus did not win the contest.[23]

The Arbitration: Zeidman then filed an arbitration demand. A three-member arbitration panel ruled in Zeidman's favor, holding that he was entitled to the $5 million reward.[24] The arbitration panel explained that the Official Rules required that the data "must be from the election itself."[25] LMC argued that "the data need only be connected to or about the election in some way."[26] The arbitration panel rejected this and reasoned that the only

acceptable form of data was PCAP data, as that would be the only kind of data that could literally be "from the election."[27] Because Zeidman "proved that the files provided were not in PCAP format" and thus not "*from* the election," he should have won the contest and the $5 million prize.[28]

The District Court: LMC moved the U.S. District Court for the District of Minnesota to vacate the award on the ground "that the panel acted outside the scope of its authority."[29] LMC argued that the arbitration panel improperly used extrinsic evidence because the panel decided that PCAP data was the only acceptable form of data, even though the Official Rules did not mention PCAP data at all.[30] The District Court denied LMC's vacatur motion, explaining that that "[b]ecause the panel was arguably interpreting and applying the contract, even the potentially serious legal error of using extrinsic evidence to interpret an unambiguous term is not enough to vacate the award."[31]

The Court of Appeals: The U.S. Court of Appeals for the Eighth Circuit reversed and vacated the award, fully embracing the manifest disregard standard.[32] It explained that "an arbitration award may be vacated if it evidences 'manifest disregard for law' – if the panel based its decision on 'some body of thought, or feeling, or policy, or law that is outside the contract.'"[33] By "adding a form-of-data requirement," the arbitration panel "imposed a new obligation upon LMC, effectively 'amending the contract.'"[34]

Zeidman filed a petition for writ of certiorari to the Supreme Court. He asked the Court to once and for all answer "[w]hether the [FAA] allows a court to vacate an arbitration decision on the ground that the decision was based on a manifest disregard of the law."[35] But on January 12, 2026, the Supreme Court denied Zeidman's petition.[36] The manifest disregard question is thus left undecided, with more uncertainty certainly left to come.

Takeaways

When drafting an arbitration clause, it is important to check where you have designated as the "seat" of the arbitration, as the court will apply the vacatur caselaw of the seat. And when a dispute arises, be sure to check the seat both before and after your arbitration, as your results and the availability of manifest disregard as a ground for vacatur may depend on the circuit in which the arbitration sits.

Whether manifest disregard is a ground for vacatur is still open to interpretation. Until the Supreme Court finally and definitively speaks on it, this issue will continue to split the lower courts and create uncertainty for practitioners, arbitrators, and parties alike.

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[1] *Hall Street Assocs., LLC v. Mattel, Inc.*, 552 U.S. 576, 586 (2008).

[2] 9 U.S.C. § 10(a)(1).

[3] *Id.* § 10(a)(2).

[4] *Id.* § 10(a)(3).

[5] *Id.* § 10(a)(4).

[6] *Oxford Health Plans LLC v. Sutter*, 569 U.S. 564, 572 (2013).

[7] *Id.* at 573.

[8] In 1953, the Supreme Court said that "the interpretations of the law by the arbitrators *in contrast to manifest disregard* are not subject, in the federal courts, to judicial review for error in interpretation." *Wilko v. Swan*, 346 U.S. 427, 436–37 (1953) (emphasis added).

[9] Restatement (Third) U.S. L. of Int'l Com. Arb. § 4.20, cmt. G (A.L.I. 2024).

[10] Petition for Writ of Certiorari, *Zeidman v. Lindell Mgmt. LLC* (2025) (No.25-504), at 13.

[11] *HayDay Farms, Inc. v. FeeDx Holdings, Inc.*, 55 F.4th 1232, 1241 (9th Cir. 2022).

[12] *Seneca Nation of Indians v. New York*, 988 F.3d 618, 626 (2d Cir. 2021) (citations omitted).

[13] *Jones v. Michaels Stores, Inc.*, 991 F.3d 614, 615 (5th Cir. 2021).

[14] *Daesang Corp. v. Nutrasweet Co.*, 2017 WL 2126684, at *7 (N.Y. Sup. Ct. May 15, 2017).

[15] *Daesang Corp. v. Nutrasweet Co.*, 85 N.Y.S.3d 6, 22 (N.Y. App. Div. 2018) (quoting *Oxford Health*, 569 U.S. at 569); *See also* Jeremy Heep & Shouryendu Ray, *NY Appellate Court Weakens 'Manifest Disregard' Exception to Arbitration Enforcement*, JD Supra (Oct. 22, 2018), https://www.jdsupra.com/legalnews/ny-appellate-court-weakens-manifest-67660/.

[16] *Hall Street Assocs., LLC v. Mattel, Inc.*, 552 U.S. 576, 585 (2008).

[17] *Stolt-Nielsen S.A. v. AnimalFeeds Int'l Corp.*, 559 U.S. 662, 672 n.3 (2010).

[18] *Zeidman v. Lindell Mgmt. LLC*, 145 F.4th 820, 823 (8th Cir. 2025).

[19] *Id.*

[20] *Id.* at 824.

[21] *Zeidman v. Lindell Mgmt. LLC*, 718 F. Supp. 3d 934, 937 (D. Minn. 2024).

[22] *See* Bob Zeidman, *How I Won $5 Million from the MyPillow Guy and Saved Democracy*, Politico (May 26, 2023), https://www.politico.com/news/magazine/2023/05/26/my-pillow-mike-lindell-investigation-00097903.

[23] *Zeidman*, 145 F.4th at 823.

[24] *Id.* at 824–25.

[25] *Id.*

[26] *Id.* at 824.

[27] *Id.* at 824–25.

[28] *Id.* at 825.

[29] *Zeidman*, 718 F. Supp. 3d at 939.

[30] *Id.* at 939–40.

[31] *Id.* at 941.

[32] *Zeidman*, 145 F.4th at 826–27.

[33] *Id.* at 827 (quoting *CenterPoint Energy Res. Corp. v. Gas Workers Union, Loc. No. 340*, 920 F.3d 1163, 1167 (8th Cir. 2019)).

[34] *Id.* at 828 (quoting *Keebler Co. v. Milk Drivers & Dairy Emps. Union, Loc. No. 471*, 80 F.3d 284, 288 (8th Cir. 1996)) (citation modified).

[35] Petition for Writ of Certiorari, *Zeidman v. Lindell Mgmt. LLC* (2025) (No.25-504), at i.

[36] *See* Caroline Simson, *Justices Nix Bid To Revive $5M Lindell Challenge Award*, Law360 (Jan. 12, 2026), https://www.law360.com/media/articles/2428769.

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